

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2006-148-C - ORDER NO. 2006-535  
SEPTEMBER 20, 2006

IN RE:	Application of Zeus Telecommunications,	)	ORDER GRANTING
	LLC for a Certificate of Public Convenience	)	CERTIFICATE AND
	and Necessity to Provide Resold Intrastate	)	WAIVER OF CERTAIN
	Interexchange Telecommunications Services	)	REGULATIONS
	Within the State of South Carolina	)	

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Application of Zeus Telecommunications, LLC (“Zeus” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide services as a carrier’s carrier and also to provide resold interexchange telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2005) and the rules and regulations of the Commission. By its Application, Zeus also requests waiver of certain Commission regulations.

The Commission’s Docketing Department instructed Zeus to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of Zeus and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Zeus complied with this instruction and

provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

Subsequently, Zeus and the Office of Regulatory Staff (ORS) (an automatic party to the proceeding) filed a Settlement Agreement. The Settlement Agreement is attached hereto as Order Exhibit 1. A hearing was convened on August 14, 2006, at 10:30 a.m. in the Commission's Law Library, Columbia, South Carolina, before David Butler, Hearing Examiner. Zeus was represented by John J. Pringle, Jr., Esquire, and Benjamin Traywick, Esquire. The Office of Regulatory Staff (ORS) was represented by Wendy B. Cartledge, Esquire.

Thomas H. Ong, Manager of the Company, appeared by video conferencing and testified in support of the Application. The record reveals that Zeus is a Limited Liability Company, organized under the laws of Texas, but authorized to do business in South Carolina. According to Mr. Ong, the Company seeks authority both as a carrier's carrier and as a reseller of interexchange services. Mr. Ong explained the Company's request for authority, and the record further reveals the Company's services, operations, and marketing procedures.

Mr. Ong also discussed Zeus' technical, financial, and managerial resources to provide the services for which it seeks authority. Mr. Ong offered that Zeus possesses sufficient financial resources to support its operations in South Carolina.

With regard to management and technical capabilities, the Company has not been denied a license in any of the states in which it has applied, nor has it had a license revoked in any jurisdiction. The Company's Application and Mr. Ong's testimony both

evidence that Zeus' management team has extensive experience in telecommunications, information technology, regulatory matters, and accounting and finance. Mr. Ong also testified that Zeus will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders.

Mr. Zeus offered that approval of Zeus' Application would serve the public interest by increasing the level of competition in South Carolina. On behalf of the Company, Mr. Ong requests an exemption from record keeping policies that require maintenance of financial records in conformance with the Uniform System of Accounts (USOA). Zeus maintains its books in accordance with Generally Accepted Accounting Principles (GAAP). In addition, the Company requests that it not be required to publish local exchange directories, and therefore requests waiver of 26 S.C. Code Ann. Regs. 103-631. Also, Zeus seeks a waiver of 26 S.C. Code Ann. Regs. 103-612.2.3, as well as a finding that the requirement of a map showing the Company's certificated area is not needed. Lastly, Zeus seeks a waiver of 26 S.C. Code Ann. Regs. 103-610, which requires that the Company's records be kept within the State of South Carolina. Such a waiver is desirable to the Company, according to Mr. Ong, since the Company and its books and records are located in Texas.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Zeus is a Limited Liability Company organized under the laws of the State of Texas, but authorized to do business in South Carolina.

2. Zeus desires to operate as a carrier's carrier and as a reseller of interexchange services within the State of South Carolina.

3. We find that Zeus possesses the managerial experience and capability to operate as a carrier's carrier, and as a provider, through resale, of interexchange services in South Carolina.

4. We find, based on the financial statements submitted by the Company, and the testimony in the case, that Zeus possesses sufficient financial resources to provide the services as described in is Application.

5. We find that the issuance of a Certificate of Public Convenience and Necessity to Zeus to operate as a carrier's carrier and as a reseller of interexchange telecommunications services in South Carolina would be in the best interest of the citizens of South Carolina by increasing the level of competition in South Carolina, by providing an alternative source for telecommunications services, and by creating incentives for lower prices, more innovative services, and more responsive customer service.

6. We believe that exemption from the policies that would require the Company to keep its records under the USOA is reasonable. Additionally we find that waivers of 26 S.C. Code Ann. Regs. 103-631, 103-612.2.3, and 103-610 are reasonable and in the public interest.

7. The Company has the managerial, technical, and financial resources to provide the services as described in its Application.

8. The Commission finds that the Company will support universally available telephone service at affordable rates.

### **CONCLUSIONS OF LAW**

1. The Commission concludes that Zeus possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application and in its testimony.

2. The Commission concludes that Zeus will participate in the support of universally available telephone service at affordable rates to the extent that Zeus may be required to do so by the Commission.

3. The Commission concludes that Zeus will provide services which will meet the service standards of the Commission.

4. The Commission concludes that approval of Zeus' Application to provide intrastate telecommunications services within South Carolina will serve the public interest by enhancing competition in the State of South Carolina by offering additional service offerings to South Carolina's consumers and by providing for efficient use of existing telecommunications resources.

5. The Commission concludes that the issuance of the authority to provide carrier's carrier and intrastate interexchange telecommunications services as requested by Zeus and as set forth in its Application and Mr. Ong's testimony is in the best interests of the citizens of the State of South Carolina.

7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to Zeus to provide carrier's carrier and resold intrastate interexchange telecommunications services.

8. The Commission adopts a rate design for Zeus for its interexchange services which includes maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. *In Re: Application of GTE Sprint Communications Corporation, etc.*, Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Company's carrier's carrier services shall be provided by individual contract.

9. Zeus shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. Zeus shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. *In Re: Application of GTE Sprint Communications Corporation, etc.*, Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp.2005).

10. We grant exemption from the policies requiring the use of USOA. In addition, we grant waivers of 26 S.C. Code Ann. Regs. 103-631, 103-612.2.3, and 103-610, which require publication of a local telephone directory, the filing of maps, and the maintenance of Company records within South Carolina, respectively.

11. The Settlement Agreement between the parties should be approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to Zeus to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through resale of intrastate Wide Area Telecommunications Services (“WATS”), Message Telecommunications Service (“MTS”), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission, within the State of South Carolina. The Company is also specifically authorized to provide resold inbound and outbound interexchange telecommunications services and operator-assisted services to its customers, as well as carrier’s carrier service.

2. The Company’s rate designs for its products shall conform to those designs described in Conclusions of Law above.

3. If it has not already done so by the date of issuance of this Order, Zeus shall file its tariff and an accompanying price list for any applicable rates within thirty (30) days of receipt of this Order. The tariff shall be consistent with the findings of this Order and shall be consistent with the Commission’s Rules and Regulations.

4. Zeus is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

5. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

6. Zeus shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Zeus changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and termination of toll calls within the same LATA, Zeus shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, Zeus shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

8. Zeus shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Zeus shall keep financial records on an intrastate basis for South Carolina to comply with the



annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at [www.psc.sc.gov/reference/forms.asp](http://www.psc.sc.gov/reference/forms.asp) or at the ORS's website at [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov). The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1<sup>st</sup>**.

Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31<sup>st</sup>** of each year. The proper form for filing gross receipts information can be found at the ORS website at [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov), and the appropriate form is entitled "Gross Receipts Form."

Each telecommunications company certified in South Carolina is required to file annually with the ORS the Intrastate Universal Service Fund ("USF") worksheet, which may be found on the ORS's website at [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov). This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than **August 15<sup>th</sup>** with the Commission and ORS.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Zeus shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at [www.psc.sc.gov/reference/forms.asp](http://www.psc.sc.gov/reference/forms.asp); this form shall be utilized for the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

10. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

11. Zeus requests that it be exempt from record keeping policies that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts. The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, Zeus maintains its book of accounts in accordance with Generally Accepted Accounting Principles. GAAP is used extensively by interexchange carriers and other providers. Accordingly, Zeus requests an exemption from the USOA requirements. We grant the Company’s request for the reasons stated above. Further, we grant the waiver of the regulations as requested by the Company.

12. The Settlement Agreement between the parties is hereby approved.

13. This Order shall remain in full force and effect until further Order of the Commission.

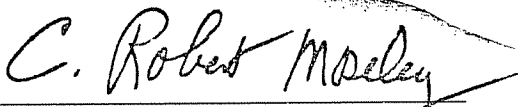
BY ORDER OF THE COMMISSION:



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G. O'Neal Hamilton, Chairman

ATTEST:



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C. Robert Moseley, Vice Chairman

(SEAL)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2006-148-C**

**In Re:**

<b>Application of Zeus Telecommunications</b>	<b>)</b>	
<b>LLC for a Certificate of Public</b>	<b>)</b>	
<b>Convenience and Necessity to Provide</b>	<b>)</b>	<b>SETTLEMENT AGREEMENT</b>
<b>Resold Intrastate Interexchange</b>	<b>)</b>	
<b>Telecommunications Services Within</b>	<b>)</b>	
<b>The State of South Carolina</b>	<b>)</b>	

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Zeus Telecommunications Corp., ("ZEUS" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party");

WHEREAS, on May 24, 2006, ZEUS filed its Application requesting a Certificate of Public Convenience and Necessity to provide resold intrastate interexchange telecommunications services within the State of South Carolina;

WHEREAS, on June 9, 2006, the Public Service Commission of South Carolina ("the Commission") appointed F. David Butler, Esquire, as the Hearing Examiner in this matter;

WHEREAS, on June 28, 2006, ZEUS pre-filed the direct testimony of Thomas H. Ong with the Commission;

WHEREAS, the Commission scheduled this matter to be heard before Hearing Examiner F. David Butler on August 14, 2006 at 10:00 am;

WHEREAS, the purpose of this proceeding is to review the application filed by ZEUS and its request for a Certificate of Public Convenience and Necessity to provide resold intrastate interexchange telecommunications services within the State of South Carolina;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the Application and the financial data provided by the Company, and ORS has calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by ZEUS and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by ZEUS;

WHEREAS, as a result of its investigations, ORS has determined a) ZEUS intends to offer resold interexchange telecommunications services from points of origin within the State of South Carolina and intends to offer Outbound 1+ service, Inbound 8xx service, postpaid travel card service and directory assistance; b) the proposed services will be furnished using the transmission facilities of other certificated carriers to the extent permitted by the Commission and where consistent with applicable tariff regulations; c) ZEUS will not construct any facilities to implement the authority sought herein; d) ZEUS will resell its proposed long distance services throughout the State of South Carolina; e) customers will be billed directly on a monthly basis; f) ZEUS will adhere to Commission regulations regarding intraLATA traffic, including the guidelines set forth in Order No. 93-462, dated June 3, 1993.; g) ZEUS understands that the Commission has expanded intraLATA competition to allow operator service providers to service intraLATA traffic and ZEUS reserves the right to provide such intraLATA service, consistent with the Order of the Commission in Docket Nos. 92-182-C, 92-183-C and 92-900-C, Order No. 92-480; h) the officers of ZEUS possess sufficient technical and managerial abilities to adequately provide the services applied for; i) based upon the information provided and the

analysis performed, ZEUS appears to have access to sufficient financial resources necessary to provide the services proposed in its application; j) ZEUS's proposed tariffs are in compliance with Commission statutes and regulations; k) the services provided by ZEUS will meet the service standards required by the Commission; l) the provision of services by the Company will not adversely impact the availability of affordable telecommunications services; m) to the extent it is required to do so by the Commission, ZEUS will participate in the support of universally available telephone service at affordable rates; and n) the provision of interexchange services by ZEUS will serve the public interest by increasing competition within the interexchange marketplace and provide consumers with a greater choice of long distance services;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree that ZEUS's Application and exhibits to the Application are incorporated into this Settlement Agreement and made a part hereof;
- 2) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony of ZEUS Witness Thomas H. Ong without cross-examination by ORS;
- 3) ZEUS agrees to provide, and has already submitted, financial data which was provided as Exhibit D to its Application and which is incorporated by reference;
- 4) ZEUS agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, ZEUS agrees to adhere to the Federal Communication Commission rule 47 C.F.R. § 64.1190 and 64.1130 regarding

preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, ZEUS shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

- 5) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide and resold interexchange telecommunications services within the state of South Carolina;
- 6) ORS does not oppose the Company's request for waivers of 26 S.C. Code Ann. Regs. 103-610, 26 S.C. Code Ann. Regs. 103-612.2.3, and 26 S.C. Code Ann. Regs. 103-631;
- 7) ZEUS agrees to resell the services of only those interexchange carriers authorized to do business in South Carolina by the Commission. ZEUS agrees to notify ORS and the Commission, in writing, if the Company changes underlying carriers;
- 8) ZEUS agrees that the Company will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;
- 9) ZEUS agrees to adhere to Commission regulations regarding intraLATA traffic, including the guidelines set forth in Order No. 93-462, dated June 3, 1993. ZEUS reserves the right to provide such intraLATA service, consistent with the order of the Commission in docket Nos. 92-182-C, 92-183-C and 92-200-C, Order No. 92-480.

- 10) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting;
- 11) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

- 12) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.



- 13) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.
- 14) This Settlement Agreement shall be interpreted according to South Carolina law.
- 15) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

WE AGREE:

**Representing the Office of Regulatory Staff**

Wendy B. Cartledge

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7/21/06  
Date

WE AGREE:

**Representing ZEUS, Inc.**

Benjamin A. Traywick

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7/21/06  
Date